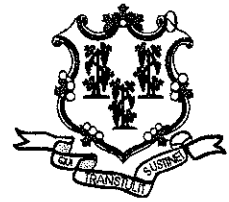




**STATE OF CONNECTICUT
DEPARTMENT OF CHILDREN AND FAMILIES**



**Testimony of
Commissioner Joette Katz
Appropriations Committee
February 14, 2014**

Good morning Senator Bye, Representative Walker, and distinguished members of the Appropriations Committee. My name is Joette Katz and I am the Commissioner of the Department of Children and Families. With me today are various Department staff who are here to assist me in answering questions that members of the committee may have.

Thank you for the opportunity to speak with you regarding the Governor's proposed midterm budget adjustments for fiscal year 2015 for the Department of Children and Families. As the Department assesses its needs for the coming year, it has given us the opportunity to review the progress we have made towards achieving our goals, and to note how our budget reflects that progress and supports our ongoing efforts.

At the beginning of my term I established several goals intended to improve services to our children and families so as to achieve better outcomes. I am proud to say that the Department has made great progress in those areas and I would like to update you on our efforts.

The Department strived to decrease the number of children in congregate care settings, especially out-of-state placements that separate children from their families and decrease the likelihood of successful reunification at the end of treatment. At the beginning of my term, the Department had 1,062 children and youth placed in in-state congregate settings and 362 in out-of-state congregate settings. We currently have 820 children and youth placed in-state and 34 in out-of-state settings. These reductions have been made possible by the Department's shift from viewing congregate care as a placement setting to now relying upon it only as a necessary treatment resource. Out-of-state congregate settings are only used after close examination, with consideration given to the impact this will have on family reunification and overall outcome success. This not only leads to better outcomes but also results in a savings to the State, because congregate care is typically the most expensive form of care. As the Department drives towards its ultimate goal of having no more than 10% of the population served in congregate care, we need to invest in community services to care for children who have historically received treatment in these settings. The Governor's midterm budget will enable us to further our work in this direction.

The reduction in residential placements this past year has allowed us to re-estimate the baseline budget for the Board and Care for Children - Residential account for FY 2015, reducing it by approximately \$9.7 million. It has also led to a reduction in the Department's spending

under the No Nexus Special Education account, which is adjusted downward by \$1.3 million. We believe we will be able to further reduce the use of congregate placements next fiscal year, resulting in over \$5 million in additional savings. Finally, we will promote utilization of private insurance coverage when available to cover costs of residential placements.

Investments in community based, in-home care will be needed to ensure our continued success. \$2.0 million in newly recommended funding has been included under the Community KidCare account to enhance our development of a strong continuum of in-home or family setting treatment alternatives. This programming will be aimed at allowing children to return home or to a family setting from their current congregate placement. Ultimately, developing these types of services will mean that in the future children will be much less likely to need to leave a family setting to receive services. It is essential that the Department be able to make this investment in community services. It is not only the best thing for our families and children, but it generates one of the strongest returns on investment the State can make. Building a network of critically necessary services will produce long term outcomes that promote a healthy population, while producing the short term effect of reducing the cost of care overall. This investment is necessary before utilization of more expensive forms of care can be reduced.

The Department is working to increase placements in family settings and move children to permanency, through increased use of kinship placements and providing a higher level of therapeutic care. Since the beginning of my term the Department has increased kinship placements from 21% of all placements to 32.5%. Studies show that children placed with kin are less likely to have a disruption in placement. These types of disruptions can lead to very poor outcomes and negatively impact the child into adulthood. We have recently rolled out services specifically designed to support kinship families in caring for children. We have also launched a new type of foster care that provides families an unprecedented amount of support and services to fall back on as they foster children with the highest level of need. These children present a variety of challenges. In the past, they would have been cared for in congregate care settings and would not have benefited from living in a home and being part of a family. The Governor's midterm budget reflects these increased placements and service enhancements by adding \$4.0 million under the Board and Care for Children - Foster account and an additional \$900,000 under the Board and Care for Children - Adoption account.

The need to increase spending related to foster care and adoption, as well as under the Community KidCare account, reflects an anticipated budgetary redirection away from spending for residential board and care costs. The net reduction across the four budget line items related directly to the shift in placements creates a net savings of approximately \$6.0 million in this midterm budget.

Implementation of the Family Assessment Referral (FAR) system, a program that assists low risk families that come to the attention of the Department by providing services and support to help them meet their children's needs, has reduced the overall caseload from 15,268 at the program's inception in January, 2012, to 13,714 as of January, 2014. This has contributed to a

reduction in spending under the Individualized Family Supports account of \$1.8 million. FAR implementation has resulted in good outcomes for our families and for the Department. No longer are families tied to the Department for support. They are able to get the assistance they need and maintain their households independent of DCF.

The FAR program has impacted the Department in another way. It removed from caseworkers' caseloads low risk, low intensity cases. This means that the average case has become higher risk and more labor intensive. The cases require a higher level of service delivery and risk factors need to be considered carefully. An average case prior to FAR implementation required approximately 8 hours of labor a month, with some cases requiring as little as 3 hours a month, while others needing as much as 14 hours a month. Now the majority of cases on a worker's caseload require in the range of 12 to 14 hours of work monthly. The impact of FAR on a worker's caseload has been compounded by the Department's goal of keeping children out of congregate care settings. For workers, children placed in congregate care settings represent low risk and therefore less labor intensity. Only placing children in congregate care when it is necessary for treatment purposes is the correct thing to do but it does affect a caseworker's workload and risk considerations. The Department is analyzing the impact that these factors and others have had on the workforce and staffing needs. We will continue to make adjustments that will allow our workers to fulfill their duties and keep our children safe, while providing our children with every opportunity to be healthy and thrive.

Although the Department considers every opportunity to reduce the use of congregate settings, there has been one population group that requires this level of care but has not been adequately served in-state for several years. Historically, many girls having contact with the juvenile justice system have been sent out-of-state to be assessed and receive treatment. These girls have been sent hundreds and in some cases thousands of miles away from their families. The lack of an appropriate setting in Connecticut has caused this portion of the population to be unable to benefit from family therapy or contact with community providers during discharge planning. Successful family reunification has also been a challenge.

Several attempts have been made over the years to provide this level of service in-state, but ultimately there continued to be a void that has resulted in undesirable outcomes for the girls. The Department has considered several plans over the past decade and saw an opportunity to utilize existing physical plant resources. We will be opening a 12-bed unit on the grounds of the Solnit Center's South Campus to serve girls with complex needs that have had juvenile justice involvement. The unit will place a heavy emphasis on treatment and education. During the girls' stay they will be assessed and receive treatment. A comprehensive treatment plan will be developed to support them post discharge and ensure their successful transition back into the community. The midterm budget adds 30 positions and \$2.6 million in annualized funding to support the operation of this unit. We will closely monitor the girls' outcomes to ensure that the appropriate level of care and services are provided, so they can achieve success and be ready to lead happy and healthy lives.

Along with considering how the Department functions in the area of service delivery, we also consider how we operate administratively and have integrated both LEAN processes and a continuous improvement model of management in our daily business operations - examining how we do things, how we can do them more efficiently, and/or how to achieve better outcomes. We have benefited from partnerships with other state agencies to further our efforts to improve. The following initiatives will allow the Department to achieve savings, revenues, and efficiencies.

When the Connecticut Juvenile Training School was built, fuel cell technology was installed to provide electricity to the campus. Over the years, the useful life of the fuel cells was depleted, and a substantial capital investment would be required to continue to support this technology. This potential expense, along with on-going comparatively high maintenance and operation costs, caused the Department to seek expertise from DEEP to assist in evaluating the viability of continuing to use the plant and to conduct a cost benefit analysis of its operation. An alternative was recommended that requires the addition of two employees, at a cost of approximately \$117,000, and will result in a savings of \$1.2 million in other expenses, for a net savings to the State of just over \$1 million.

The Department has enjoyed a strong partnership with the Office of the Healthcare Advocate (OHA). During this past year, OHA has assisted families with DCF involvement access their private insurance for services that would otherwise have been paid for by the Department in past years. We estimate that the resulting savings to the State have been approximately \$2.2 million.

OHA has identified for DCF two new savings initiatives that are reflected in the Governor's midterm budget. First, OHA has been provided an additional employee to assist private providers and families receive private insurance coverage for medically necessary residential stays. The process for receiving approval from insurance companies can be complicated and cumbersome. OHA is expert in being able to assist both providers and families in meeting approval requirements. It is estimated that this will result in saving of \$1.4 million by reducing cost shifting to the state budget.

The second initiative involves the ability to maximize reimbursement of services provided at the Solnit Center's South Campus that have been court ordered. OHA investigated the reasons for the lack of reimbursement for these services in instances when they are medically necessary. OHA and DCF have created a plan that will allow the State to recoup significant revenue from the investment of \$150,000, by validating those court ordered stays that are medically necessary and therefore eligible for federal reimbursement and private insurance coverage.

The Department regularly monitors its use of overtime and how we can more efficiently provide services. Our regional offices identified the need for more Case Aide positions to provide various services that are appropriate to that level of worker. These services are now being provided by higher paid employees on overtime. The Governor's midterm budget

expands the number of Case Aide positions, which will allow for a reduction in payroll expenditures by just under \$900,000.

The Department has also worked to eliminate injuries in the workforce and time lost from work, resulting in a savings under the Worker's Compensation Claims account of just over \$500,000.

We continue to investigate revenue enhancement opportunities. The Fostering Connections to Success and Increasing Adoptions Act has given states the opportunity to be reimbursed for services provided to children over the age of 18. Connecticut has always provided a high level of programming to children that stay with the Department over the age of 18, so this gives us the opportunity to gain considerable revenue without incurring large new costs. Fostering Connections requires that a small population that we didn't serve in the past now be served in order to enable Connecticut to claim federal Title IV-E reimbursement. The necessary statutory changes were made last session to permit us to claim for programming we currently do provide. A budget adjustment of \$350,000 in made the area of adoption and subsidized guardianship. This will allow the State to receive approximately \$15 million in revenue annually.

Finally, as in the previous example, we believe we can leverage a relatively small investment of \$145,000 to allow us to claim millions more in federal revenue in future years. This will involve seeking reimbursement for services DCF is already providing. This investment will position DCF to meet federal regulations around service delivery and reporting requirements and facilitate future revenue initiatives.

Thank you again for the chance to speak about the DCF budget. My staff and I welcome the opportunity to address your questions both today and when we meet in subcommittee.